

# Hindustan Unilever

Estimate changes



TP change



Rating change



Bloomberg	HUVR IN
Equity Shares (m)	2350
M.Cap.(INRb)/(USDb)	5799.3 / 70.9
52-Week Range (INR)	2741 / 2100
1, 6, 12 Rel. Per (%)	-7/-3/10
12M Avg Val (INR M)	4175

## Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	591.4	651.2	725.9
Sales Gr. (%)	15.5	10.1	11.5
EBITDA	136.3	154.6	177.2
EBITDA mrg. (%)	23.0	23.7	24.4
Adj. PAT	100.2	112.7	128.5
Adj. EPS (INR)	42.7	48.0	54.7
EPS Gr. (%)	13.2	12.5	14.0
BV/Sh.(INR)	213.7	207.7	200.3

## Ratios

RoE (%)	20.3	22.8	26.8
RoCE (%)	26.8	30.4	36.1
Payout (%)	91.4	112.6	113.4

## Valuations

P/E (x)	57.9	51.5	45.1
P/BV (x)	11.5	11.9	12.3
EV/EBITDA (x)	42.2	37.1	32.4
Div. Yield (%)	1.6	2.2	2.5

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	61.9	61.9	61.9
DII	11.6	11.6	11.6
FII	14.4	14.3	13.7
Others	12.2	12.2	12.8

FII Includes depository receipts

**CMP: INR2,468**

**TP: INR3,010 (+22%)**

**Buy**

## Ending the year on a steady note

- HUVR's performance was in-line with our expectations. It gained market share in more than 75% of its portfolio. Volumes grew 4% YoY during the quarter v/s our expectation of 5%. The pricing growth is expected to taper off gradually, but the management has cautioned that the volume growth may pick up with a lag.
- A&P spends as a percentage of sales during the year were the lowest in the past 18 years. Management commentary highlighted that A&P investments are set to normalize going forward, hence, we expect EBITDA margin to improve to earlier levels, but with a lag.
- We maintain a positive outlook on the stock based on HUVR's continued market share gains in a challenging consumption environment. HUL's focus on driving premiumization across categories is standing it in good stead. We reiterate our **BUY rating on the stock with a TP of INR3010.**

## In-line performance

- Reported net sales grew 10.6% YoY to INR148.9b** (estimated INR152.6b). EBITDA grew 7% YoY to INR34.7b (estimated INR36.5b), PBT grew 9% YoY to INR33.5b (estimated INR34.8b), PAT (bei) was up 8.2% YoY to INR24.7b (estimated INR25.4b).
- Underlying volumes grew 4% YoY** (estimated 5%). **FY23 volumes grew 5% YoY.**
- Segmental performance: Home Care** (35% of total sales) revenues were up 18.7% YoY (three-year/four-year CAGR 18.9%/12.6%), **Personal Care** (35% of total sales) were up 10.1% YoY (three-year/four-year CAGR 10.9%/4.2%), and **Food & Refreshment** business sales (27% of total sales) were up 2.6% YoY (three-year/four-year CAGR 28.5%/18.6%).
- Segmental EBIT: Home Care** margin declined 110bp YoY to 18.7% and **Personal Care** margin contracted 10bp YoY to 26.1% and **Food & Refreshment** segment margin contracted 140bp YoY to 17.9%.
- Overall gross margins for the quarter contracted 80bp YoY, while it expanded 120bp QoQ to 48.7% (estimated 49.3%).
- As a percentage of sales, lower ad spends (down 90bp YoY to 8.7%), higher staff cost (up 60bp YoY to 4.6%) and other expenses (up 30bp YoY to 12.2%) restricted **EBITDA margin contraction to 80bp YoY to 23.3%** (estimated 23.9%).
- FY23 Sales/EBITDA/Adj. PAT grew 15.5%/9%/13.2% YoY to INR591.4b/INR136.3b/INR100.2b.
- The Board has declared a final dividend of INR22.

## Management conference call highlights

- Volume grew 5% YoY for the year while the FMCG industry volume declined for the year.
- The management anticipates a decline in price growth going ahead, while expecting volumes to recover.
- Effectively lost 600bp due to commodity cost inflation and have recovered 290bp as of now.
- The company strengthened its market leadership in Tea and widened the gap between itself and the second player.
- The HFD market was adversely impacted due to high inflation in milk.

**Valuation and view**

- Changes to the model have resulted in a ~2-3% decrease in EPS estimates for FY24/FY25.
- As highlighted in our [investor day note](#) in Nov'22 and our [annual report note](#) earlier in Jun'22, HUVR continues to exhibit remarkable dexterity, despite its size, led by 1) its WIMI and cluster-based approach, 2) its technological advantage over peers; and 3) funneling massive cost savings back into the business for growth.
- On rural recovery and commodity cost reductions (commentary on both is gradually getting better), we believe that HUVR will get back to the mid-to-high teens earnings growth trajectory it exhibited for the four years before Covid.
- We reiterate our BUY rating with a TP of INR3,010 (55x FY25E EPS).

**Quarterly performance (Standalone)****(INR b)**

Y/E March	FY22				FY23				FY22	FY23	FY23 4QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Domestic volume growth (%)</b>	<b>9.0</b>	<b>4.0</b>	<b>2.0</b>	<b>0.0</b>	<b>6.0</b>	<b>4.0</b>	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>5.0</b>	<b>5.0</b>	
<b>Net sales</b>	<b>119.2</b>	<b>127.2</b>	<b>130.9</b>	<b>134.6</b>	<b>142.7</b>	<b>147.5</b>	<b>152.3</b>	<b>148.9</b>	<b>511.9</b>	<b>591.4</b>	<b>152.6</b>	-2.4%
YoY change (%)	12.8	11.2	10.4	11.0	19.8	15.9	16.3	10.6	11.3	15.5	13.3	
<b>Gross Profit</b>	<b>60.1</b>	<b>65.7</b>	<b>68.2</b>	<b>66.7</b>	<b>67.6</b>	<b>67.6</b>	<b>72.3</b>	<b>72.5</b>	<b>260.7</b>	<b>280.0</b>	<b>75.3</b>	
Margin %	50.4	51.6	52.1	49.5	47.4	45.8	47.5	48.7	50.9	47.3	49.3	
<b>EBITDA</b>	<b>28.5</b>	<b>31.3</b>	<b>32.8</b>	<b>32.5</b>	<b>32.5</b>	<b>33.8</b>	<b>35.4</b>	<b>34.7</b>	<b>125.0</b>	<b>136.3</b>	<b>36.5</b>	-4.8%
YoY change (%)	7.7	9.2	14.9	9.7	14.0	7.8	7.9	7.0	10.4	9.0	12.4	
Margins (%)	23.9	24.6	25.0	24.1	22.8	22.9	23.2	23.3	24.4	23.0	23.9	
Depreciation	2.4	2.7	2.6	2.6	2.6	2.5	2.6	2.6	10.3	10.3	2.8	
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.2	1.0	1.0	0.3	
Other income	0.7	1.1	0.9	1.2	1.4	1.2	2.3	1.6	3.9	6.4	1.4	
<b>PBT</b>	<b>26.6</b>	<b>29.5</b>	<b>30.9</b>	<b>30.7</b>	<b>31.0</b>	<b>32.2</b>	<b>34.8</b>	<b>33.5</b>	<b>117.7</b>	<b>131.4</b>	<b>34.8</b>	-3.8%
Tax	5.7	7.7	7.8	8.0	8.0	5.8	8.7	8.7	29.2	31.2	9.4	
Rate (%)	21.5	26.0	25.3	26.1	25.7	17.9	25.1	26.1	24.8	23.7	27.1	
<b>PAT bei</b>	<b>19.6</b>	<b>21.9</b>	<b>22.9</b>	<b>22.8</b>	<b>22.9</b>	<b>23.8</b>	<b>25.8</b>	<b>24.7</b>	<b>88.5</b>	<b>100.2</b>	<b>25.4</b>	-2.5%
YoY change (%)	4.8	7.5	17.5	8.6	16.7	8.8	12.6	8.2	9.0	13.2	11.0	
Extraordinary Inc/(Exp)	-0.3	0.0	-0.7	0.6	-0.1	-0.3	-1.0	0.8	-0.3	-1	0.0	
<b>Reported Profit</b>	<b>20.6</b>	<b>21.9</b>	<b>22.4</b>	<b>23.3</b>	<b>22.9</b>	<b>26.2</b>	<b>25.1</b>	<b>25.5</b>	<b>88.2</b>	<b>99.6</b>	<b>25.4</b>	

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>2Y average growth %</b>								
Volumes	6.5	9.0	9.5	15.5	7.5	4.0	3.5	2.0
Sales	8.6	13.7	15.7	22.8	16.3	13.6	13.3	10.8
EBITDA	3.8	13.3	15.8	26.5	10.9	8.5	11.4	8.4
PAT	5.9	9.3	16.4	25.9	10.7	8.1	15.0	8.4
<b>% sales</b>								
COGS	49.6	48.4	47.9	50.5	52.6	54.2	52.5	51.3
Staff cost	5.2	4.6	5.0	4.0	4.2	4.8	4.4	4.6
Advertising and Promotion	8.6	9.5	9.1	9.6	9.3	7.1	7.9	8.7
Others	12.8	12.9	13.0	11.8	11.1	11.1	11.9	12.2
Depreciation	2.0	2.1	1.9	1.9	1.8	1.7	1.7	1.8
<b>YoY change %</b>								
COGS	16.1	14.6	14.8	18.0	27.2	29.8	27.6	12.5
Staff cost	-0.4	-0.3	0.3	-0.3	-1.0	0.2	-0.6	0.6
Advertising and Promotion	1.0	-0.4	-2.6	-2.1	0.7	-2.5	-1.2	-0.9
Others	-0.9	-0.2	-0.6	-0.4	-1.7	-1.8	-1.0	0.3
Other income	-57.1	-25.2	-6.2	11.9	104.5	1.8	150.5	31.1
EBIT	8.4	9.4	17.1	10.2	14.8	9.1	8.4	7.5

**Exhibit 1: Segmental performance**

<b>Segment Revenue (INR b)</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>
Home Care	38.4	38.0	38.4	41.9	47.5	49.3	51.4	55.2	56.4
Personal Care	45.5	45.7	50.0	51.8	47.1	53.6	55.6	57.2	51.9
Foods & Refreshments	35.1	33.2	36.2	34.7	37.0	36.3	37.6	37.0	37.9
Others	2.3	2.3	2.6	2.6	3.0	3.5	2.9	2.9	2.7
<b>Net Segment Revenue</b>	<b>121.3</b>	<b>119.2</b>	<b>127.2</b>	<b>130.9</b>	<b>134.6</b>	<b>142.7</b>	<b>147.5</b>	<b>152.3</b>	<b>148.9</b>
<b>Growth YoY (%)</b>									
Home Care	14.6	11.9	15.7	23.0	23.7	29.9	34.0	31.6	18.7
Personal Care	19.7	13.2	10.3	6.9	3.6	17.3	11.2	10.5	10.1
Foods & Refreshments	96.4	12.2	7.2	3.3	5.3	9.3	3.7	6.8	2.6
Others	222.2	32.2	25.7	0.8	30.2	54.9	10.6	13.2	-9.6
<b>Net Segment Revenue</b>	<b>34.6</b>	<b>12.8</b>	<b>11.2</b>	<b>10.4</b>	<b>11.0</b>	<b>19.8</b>	<b>15.9</b>	<b>16.3</b>	<b>10.6</b>
<b>Salience (%)</b>									
Home Care	32	32	30	32	35	35	35	36	38
Personal Care	37	38	39	40	35	38	38	38	35
Foods & Refreshments	29	28	28	26	27	25	25	24	25
Others	2	2	2	2	2	2	2	2	2
<b>Total Segment Revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Segment Results (EBIT) - (INR b)</b>									
Home Care	8.1	6.6	7.3	8.6	9.4	8.7	8.9	10.6	10.6
Personal Care	12.5	12.9	13.9	14.4	12.4	14.1	14.0	14.4	13.5
Foods & Refreshments	5.8	6.0	6.6	6.5	7.1	5.8	7.4	6.6	6.8
Others	0.7	0.5	0.9	0.7	1.0	1.3	1.0	1.2	1.2
<b>Total Segment Results</b>	<b>27.1</b>	<b>26.0</b>	<b>28.7</b>	<b>30.2</b>	<b>29.8</b>	<b>29.9</b>	<b>31.3</b>	<b>32.8</b>	<b>32.1</b>
<b>Growth YoY (%)</b>									
Home Care	27.7	3.9	7.4	33.7	15.6	31.3	22.1	22.8	12.5
Personal Care	32.5	13.5	4.7	2.0	-1.3	9.6	0.4	-0.3	9.5
Foods & Refreshments	155.6	3.1	18.8	36.6	24.0	-3.7	12.0	2.3	-4.8
Others	#	10.2	54.5	46.0	39.1	138.9	17.6	61.6	26.0
<b>Total Segment Results</b>	<b>49.6</b>	<b>8.4</b>	<b>9.4</b>	<b>17.1</b>	<b>10.2</b>	<b>14.8</b>	<b>9.1</b>	<b>8.4</b>	<b>7.5</b>
<b>Segmental EBIT margin (%)</b>									
Home Care	21.1	17.4	19.0	20.6	19.8	17.6	17.3	19.2	18.7
Personal Care	27.5	28.1	27.8	27.8	26.2	26.3	25.1	25.1	26.1
Foods & Refreshments	16.4	18.1	18.3	18.6	19.3	15.9	19.8	17.9	17.9
Others	29.7	23.9	32.2	28.3	31.8	36.9	34.2	40.4	44.3
<b>Total</b>	<b>22.3</b>	<b>21.8</b>	<b>22.5</b>	<b>23.1</b>	<b>22.2</b>	<b>20.9</b>	<b>21.2</b>	<b>21.5</b>	<b>21.5</b>
<b>EBIT margin change YoY (bps)</b>									
Home Care	216	-134	-147	166	-138	19	-168	-138	-104
Personal Care	266	7	-148	-134	-129	-184	-270	-271	-15
Foods & Refreshments	379	-160	179	454	290	-214	148	-77	-138
Others	2,419	-476	601	876	205	1,296	205	1,212	1,253
<b>Total</b>	<b>223</b>	<b>-90</b>	<b>-37</b>	<b>133</b>	<b>-16</b>	<b>-92</b>	<b>-132</b>	<b>-158</b>	<b>-62</b>

#an inordinately high number; Source: Company, MOFSL



## Highlights from management commentary

### Operational environment

- Topline growth for the year was significantly ahead of the market.
- Volume grew 5% YoY for the year, while the FMCG industry volume declined for the year.
- The management's focus is on creating more superior products, almost 2x more superior products v/s 2019.
- Worst of the inflation is behind; however, inflation continues to linger on.
- FMCG industry price growth stood at 11-12% for the year.
- The urban market continued to lead the overall industry growth.
- Rural areas – there has been an increase in value growth, but a decline in volume; however, the rate of decline has decreased compared to the previous period.
- 75% business winning market share. The management will not be compromising on its market share and will maintain and grow its market share.
- The management anticipates a decline in price growth going ahead, while expecting volumes to recover.
- 'Surf' became the first brand to cross turnover of USD1b.

### Additional segmental highlights

- Growth was led by premium portfolio in the home care category for the year. Homecare volume growth was over 9% for the year.
- Beauty volume grew in low single digits despite declining market volumes.
- Launched three new beauty brands during the year – 'Acne Squad', 'Find Your Happy Place', and 'Novology'.
- Divested the salt and atta business.
- The company strengthened its market leadership in Tea and widened the gap between itself and the second player.
- HFD market was adversely impacted due to high inflation in milk.
- Premium tea saw much larger inflation compared to loose tea, thereby leading to downtrading by consumers.
- Ice Creams – 37% yearly growth. This quarter was adversely impacted by unseasonal rainfalls; however, the management believes the demand will be back to normal in summers.
- Horlicks – It has 3.6gms of added sugar per 27gms.

### Costs and margins

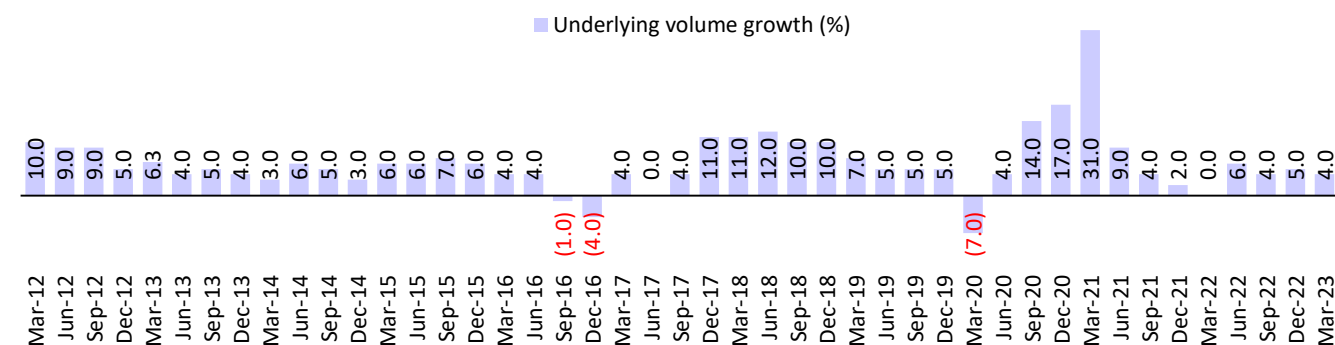
- The management will continue to focus on gross margin.
- A&P spends will gradually be back to normalized levels.
- Price reductions were taken in soaps portfolio.
- 'Other income' increased due to higher yields.
- Effectively lost 600bp due to commodity cost inflation and have recovered 290bp as of now.

### Other points

- Shikhar is now in 1.2m outlets.
- Launched 60SKUs during the year through Agile Innovation Hub.
- The A class SKUs, which is around 80% of the turnover, is manufactured in 3.5 days.

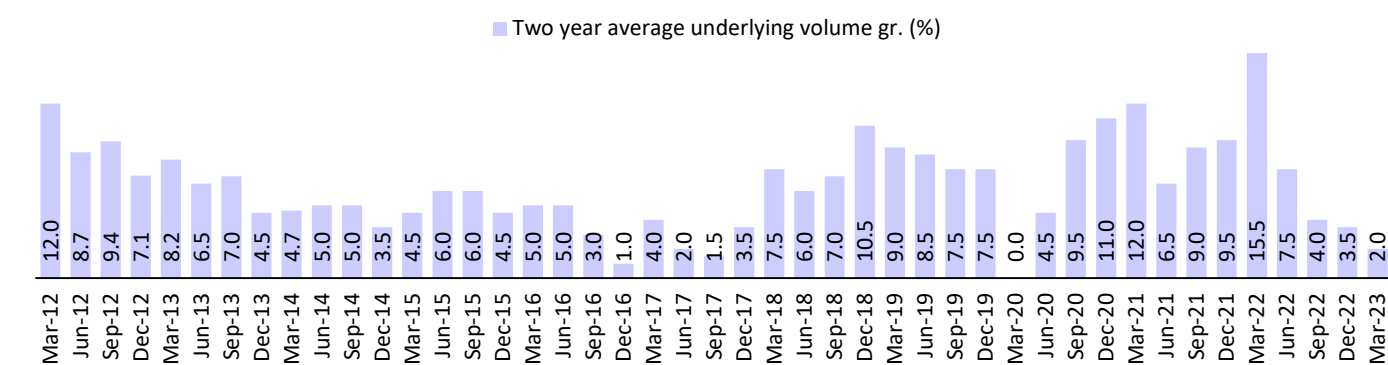
## Story in charts

Exhibit 2: Volume grew 4% YoY



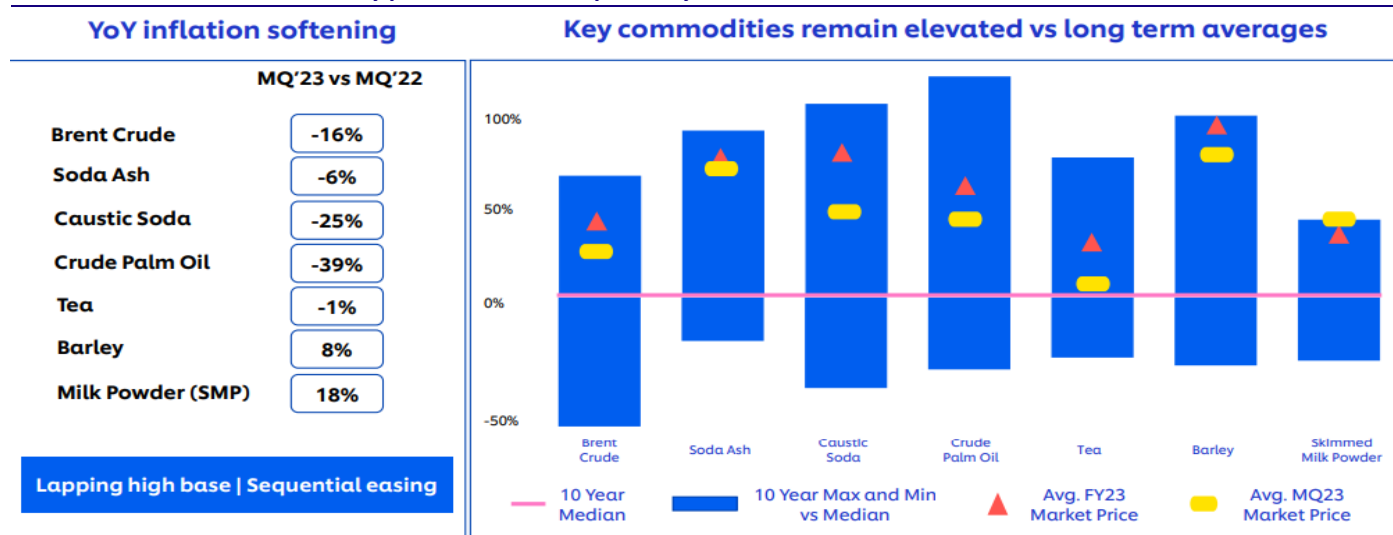
Source: Company, MOFSL

Exhibit 3: On a two-year average basis, underlying volumes rose 2% YoY

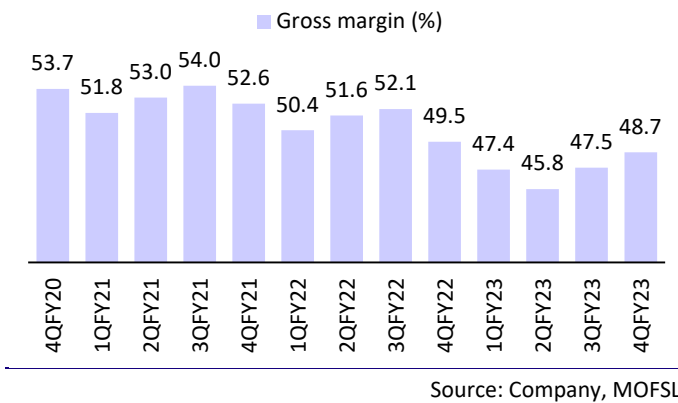
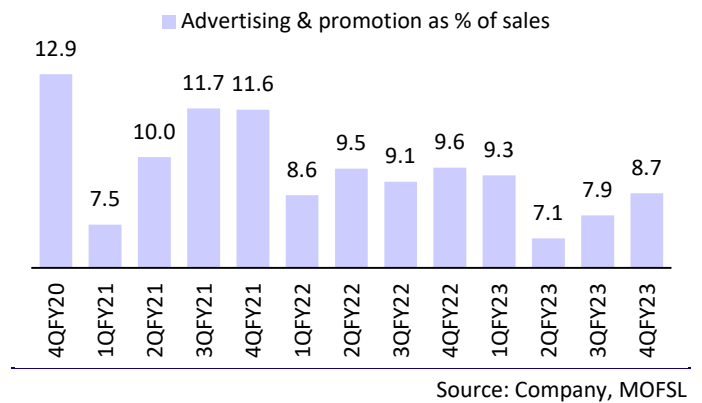
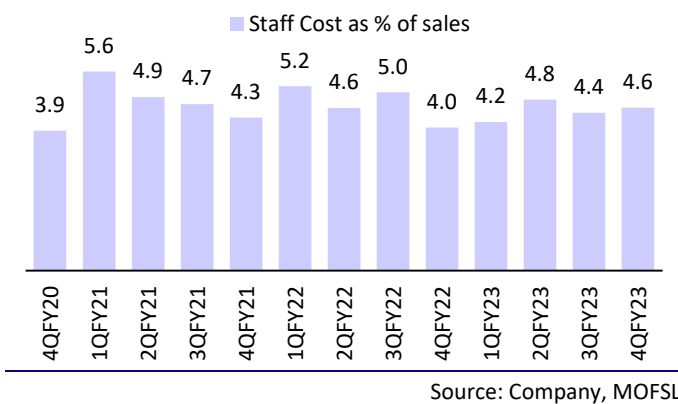
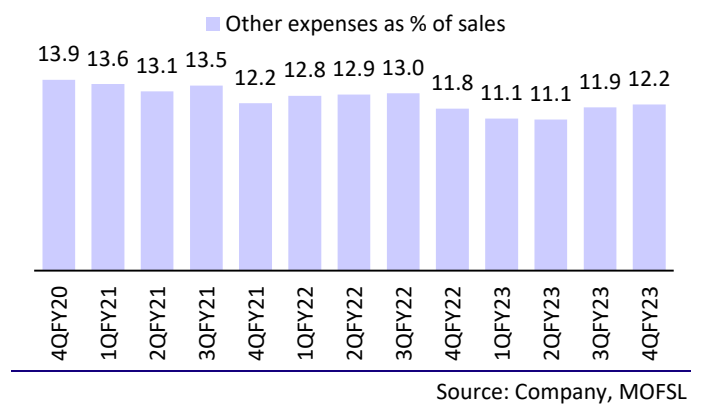
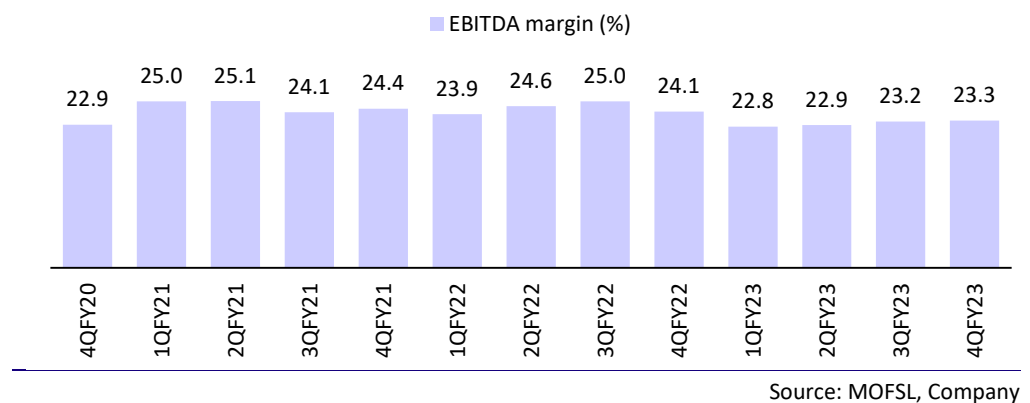


Source: Company, MOFSL

Exhibit 4: Most of the commodity prices soften, except Barley and Milk Powder



#Negative value (-) denotes deflation Source: Company presentation

**Exhibit 5: Gross margin declined 80bp YoY...****Exhibit 6: ...A&P spends declined 90bp YoY to 8.7%...****Exhibit 7: ...employee expenses rose 60bp YoY to 4.6%...****Exhibit 8: ...other expenses increased 30bp YoY...****Exhibit 9: ...leading to 80bp contraction of EBITDA margin**

## Valuation and view

### A strong wealth generator for the last 10 years

- The company's newfound nimbleness in response to raw material costs and competitive stimuli have reinvigorated earnings momentum to strong double-digits over this period. Best-of-breed analytics have further boosted growth.
- The strong execution of its Winning in Many Indias (WiMI) strategy has meant that growth in Central India is 1.5x of base growth. Its execution strategies for herbal products and the recent acquisition of GSKCH have been remarkable.
- The focus on premiumization, particularly evident in Detergents and Tea, has meant that even these highly penetrated, large categories have grown significantly. The company's rigorous focus on cost savings has resulted in an

unprecedented EBITDA margin improvement (of over 950bp YoY) over the past 10 years ended in FY22.

- Despite being the largest consumer company in India over the past decade ending FY22, HUVR's sales/EBITDA/PAT CAGR stood at a healthy 8.8%/14.3%/13.2%. Given the weak earnings growth posted by its peers in recent years, HUVR's performance has been even more impressive over the last 3/5 years, with an EBITDA CAGR of 13.1%/15.6% and a PAT CAGR of 13.7%/15.8%.

### Our investment case for HUVR

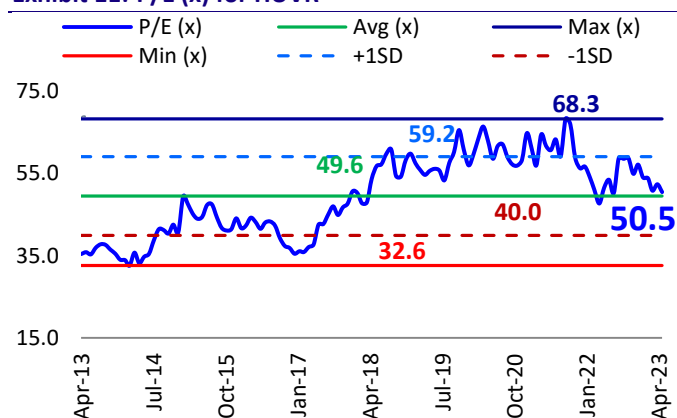
- Changes to the model have resulted in a ~2-3% decrease in EPS estimates for FY24/FY25.
- As highlighted in our [investor day note](#) in Nov'22 and our [annual report note](#) earlier in Jun'22, HUVR continues to exhibit remarkable dexterity, despite its size, led by 1) its WIMI and cluster-based approach, 2) its technological advantage over peers, and 3) funneling massive cost savings back into the business for growth.
- On rural recovery and commodity cost reduction (commentary on both is gradually getting better), we believe that HUVR will get back to the mid-to-high teens earnings growth trajectory it exhibited for the four years before Covid.
- We reiterate our Buy rating with a TP of INR3,100 (55x FY25E EPS).

**Exhibit 10: There are no material changes to our model**

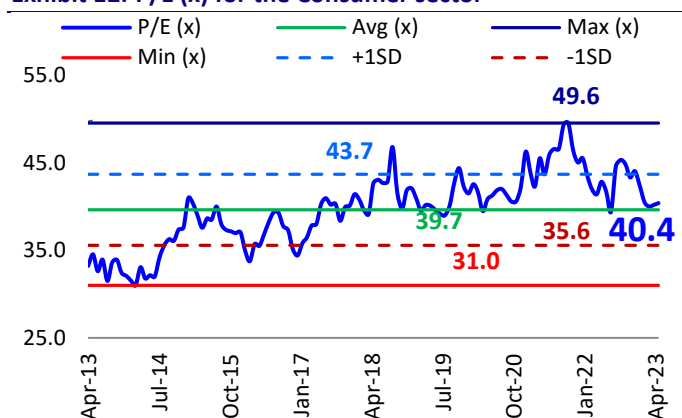
(INR b)	New estimates		Old estimates		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	651.2	725.9	645.3	723.2	0.9%	0.4%
EBITDA	154.6	177.2	159.4	182.8	-3.0%	-3.1%
PAT	112.7	128.5	114.7	132.6	-1.7%	-3.1%

Source: MOFSL

**Exhibit 11: P/E (x) for HUVR**



**Exhibit 12: P/E (x) for the Consumer sector**





## Financials and valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>339.3</b>	<b>376.6</b>	<b>382.7</b>	<b>453.1</b>	<b>503.4</b>	<b>581.5</b>	<b>640.9</b>	<b>715.0</b>
Other Oper. Income	6.0	5.6	5.1	6.9	8.6	9.9	10.4	10.9
<b>Total Revenue</b>	<b>345.3</b>	<b>382.2</b>	<b>387.9</b>	<b>460.0</b>	<b>511.9</b>	<b>591.4</b>	<b>651.2</b>	<b>725.9</b>
Change (%)	8.3	10.7	1.5	18.6	11.3	15.5	10.1	11.5
COGS	162.3	179.6	177.9	216.8	251.2	311.4	320.2	346.2
<b>Gross Profit</b>	<b>182.9</b>	<b>202.6</b>	<b>209.9</b>	<b>243.2</b>	<b>260.7</b>	<b>280.0</b>	<b>331.1</b>	<b>379.7</b>
Gross Margin (%)	53.0	53.0	54.1	52.9	50.9	47.3	50.8	52.3
Operating Exp	110.2	116.3	113.9	130.0	135.7	143.7	176.4	202.5
<b>EBITDA</b>	<b>72.8</b>	<b>86.4</b>	<b>96.0</b>	<b>113.2</b>	<b>125.0</b>	<b>136.3</b>	<b>154.6</b>	<b>177.2</b>
Change (%)	20.3	18.7	11.1	18.0	10.4	9.0	13.4	14.6
Margin (%)	21.1	22.6	24.8	24.6	24.4	23.0	23.7	24.4
Depreciation	4.8	5.8	9.4	10.7	10.3	10.3	10.7	11.4
Int. and Fin. Charges	0.2	0.3	1.1	1.1	1.0	1.0	1.1	1.2
Other Income - Recurring	5.7	6.6	7.3	5.1	3.9	6.4	6.5	7.1
<b>Profit before Taxes</b>	<b>73.5</b>	<b>86.9</b>	<b>92.9</b>	<b>106.6</b>	<b>117.7</b>	<b>131.4</b>	<b>149.3</b>	<b>171.7</b>
Change (%)	19.4	18.3	6.9	14.8	10.4	11.6	13.6	15.0
Margin (%)	21.7	23.1	24.3	23.5	23.4	22.6	23.3	24.0
Tax	21.5	27.5	23.9	24.6	27.8	29.2	36.6	43.2
Deferred Tax	-1.0	-0.8	1.5	0.8	1.4	2.0	0.0	0.0
Tax Rate (%)	27.9	30.7	27.4	23.8	24.8	23.7	24.5	25.2
<b>Profit after Taxes</b>	<b>53.0</b>	<b>60.2</b>	<b>67.4</b>	<b>81.2</b>	<b>88.5</b>	<b>100.2</b>	<b>112.7</b>	<b>128.5</b>
Change (%)	24.7	13.6	12.0	20.5	9.0	13.2	12.5	14.0
Margin (%)	15.6	16.0	17.6	17.9	17.6	17.2	17.6	18.0
Non-rec. (Exp)/Income	-0.6	-0.4	-0.1	-2.3	-0.3	-0.6	0.0	0.0
<b>Reported PAT</b>	<b>52.4</b>	<b>59.8</b>	<b>67.4</b>	<b>79.0</b>	<b>88.2</b>	<b>99.6</b>	<b>112.7</b>	<b>128.5</b>

Balance Sheet							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	2.2	2.2	2.2	2.4	2.4	2.4	2.4	2.4
Reserves	68.6	74.4	78.2	472.0	485.3	499.9	485.7	468.5
<b>Net Worth</b>	<b>70.8</b>	<b>76.6</b>	<b>80.3</b>	<b>474.3</b>	<b>487.6</b>	<b>502.2</b>	<b>488.0</b>	<b>470.8</b>
Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capital Employed</b>	<b>70.8</b>	<b>76.6</b>	<b>80.3</b>	<b>474.3</b>	<b>487.6</b>	<b>502.2</b>	<b>488.0</b>	<b>470.8</b>
Gross Block	71.8	59.2	73.4	541.6	547.6	561.7	568.7	573.7
Less: Accum. Depn.	-30.4	-15.8	-22.8	-31.3	-37.3	-47.6	-58.3	-69.8
<b>Net Fixed Assets incl Goodwill</b>	<b>41.4</b>	<b>43.4</b>	<b>50.6</b>	<b>510.3</b>	<b>510.3</b>	<b>514.1</b>	<b>510.3</b>	<b>503.9</b>
Capital WIP	4.3	3.7	5.1	6.2	9.0	10.2	10.2	10.2
Investment in Subsidiaries	2.5	2.5	2.5	3.1	6.1	9.8	9.8	9.8
Current Investments	28.6	27.0	12.5	26.9	35.1	28.1	29.1	30.1
Deferred Charges	2.6	3.4	2.6	-59.9	-61.4	-63.3	-63.3	-63.3
<b>Curr. Assets, L&amp;A</b>	<b>92.1</b>	<b>98.6</b>	<b>122.7</b>	<b>134.7</b>	<b>136.8</b>	<b>156.1</b>	<b>178.4</b>	<b>181.6</b>
Inventory	23.6	24.2	26.4	33.8	38.9	40.3	49.3	55.0
Account Receivables	11.5	16.7	10.5	16.5	19.3	27.4	24.6	27.4
Cash and Bank Balance	33.7	36.9	50.2	43.2	36.2	44.2	56.2	46.4
Others	23.3	20.8	35.7	41.2	42.4	44.2	48.3	52.8
<b>Curr. Liab. and Prov.</b>	<b>100.7</b>	<b>102.1</b>	<b>115.7</b>	<b>147.0</b>	<b>148.4</b>	<b>152.8</b>	<b>186.6</b>	<b>201.6</b>
Account Payables	70.1	70.7	74.0	86.3	88.6	93.9	124.6	136.4
Other Liabilities	16.4	15.9	25.6	40.3	40.9	41.7	43.8	46.0
Provisions	14.2	15.5	16.2	20.4	18.9	17.1	18.1	19.1
<b>Net Current Assets</b>	<b>-8.6</b>	<b>-3.4</b>	<b>7.0</b>	<b>-12.3</b>	<b>-11.6</b>	<b>3.3</b>	<b>-8.2</b>	<b>-20.0</b>
<b>Application of Funds</b>	<b>70.8</b>	<b>76.6</b>	<b>80.3</b>	<b>474.3</b>	<b>487.6</b>	<b>502.2</b>	<b>488.0</b>	<b>470.8</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>24.5</b>	<b>27.8</b>	<b>31.2</b>	<b>34.6</b>	<b>37.7</b>	<b>42.7</b>	<b>48.0</b>	<b>54.7</b>
Cash EPS	26.7	30.5	35.6	39.1	42.0	47.0	52.5	59.5
BV/Share	32.7	35.4	37.2	201.8	207.5	213.7	207.7	200.3
DPS	20.0	22.0	25.0	40.5	34.0	39.0	54.0	62.0
Payout %	98.9	95.7	96.2	117.2	90.3	91.4	112.6	113.4

### Valuation (x)

P/E	100.8	88.7	79.1	71.4	65.5	57.9	51.5	45.1
Cash P/E	92.5	80.9	69.4	63.1	58.7	52.5	47.0	41.5
EV/Sales	15.6	14.1	13.8	12.7	11.4	9.9	8.9	8.0
EV/EBITDA	72.9	61.4	55.0	50.8	46.1	42.2	37.1	32.4
P/BV	75.5	69.8	66.4	12.2	11.9	11.5	11.9	12.3
Dividend Yield (%)	0.8	0.9	1.0	1.6	1.4	1.6	2.2	2.5

### Return Ratios (%)

RoE incl. Goodwill	78.1	81.7	86.0	29.3	18.4	20.3	22.8	26.8
RoCE incl. Goodwill	108.6	118.3	119.8	38.8	24.7	26.8	30.4	36.1

### Working Capital Ratios

Debtor (Days)	12.3	16.2	10.0	13.3	14.0	17.2	14.0	14.0
Asset Turnover (x)	4.8	4.9	4.8	1.0	1.0	1.2	1.3	1.5

### Leverage Ratio

Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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### Cash Flow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(loss) before Tax	72.9	85.2	90.9	104.9	117.4	130.8	149.3	171.7
Financial other income	-2.8	-0.8	-1.6	0.6	-2.0	-2.4	-6.5	-7.1
Depreciation	4.8	5.2	9.4	10.7	10.4	10.5	10.7	11.4
Net Interest Paid	-2.5	-3.0	-3.9	-2.4	-1.1	-3.2	1.1	1.2
Direct Taxes Paid	-21.9	-26.9	-24.7	-23.7	-27.2	-30.7	-36.6	-43.2
(Incr)/Decr in WC	8.6	-2.6	3.0	-0.6	-7.9	-8.6	23.5	2.0
<b>CF from Operations</b>	<b>59.1</b>	<b>57.3</b>	<b>73.1</b>	<b>89.6</b>	<b>89.6</b>	<b>96.3</b>	<b>141.5</b>	<b>135.9</b>
Other Items	4.9	4.5	-8.5	11.9	-1.5	14.1	6.5	7.1
(Incr)/Decr in FA	-8.3	-7.2	-7.0	-39.5	-7.4	-8.6	-7.0	-5.0
<b>Free Cash Flow</b>	<b>50.9</b>	<b>50.0</b>	<b>66.0</b>	<b>50.0</b>	<b>82.2</b>	<b>87.7</b>	<b>134.5</b>	<b>130.9</b>
(Pur)/Sale of Investments	7.8	3.3	22.5	23.9	-7.9	-4.0	-1.0	-1.0
<b>CF from Invest.</b>	<b>4.4</b>	<b>0.5</b>	<b>7.0</b>	<b>-3.7</b>	<b>-16.8</b>	<b>1.4</b>	<b>-1.5</b>	<b>1.1</b>
Dividend Paid	-39.0	-45.5	-62.4	-88.1	-75.2	-84.6	-126.9	-145.7
Others	-7.6	-9.2	-4.3	-4.7	-4.7	-5.1	-1.1	-1.2
<b>CF from Fin. Activity</b>	<b>-46.5</b>	<b>-54.6</b>	<b>-66.8</b>	<b>-92.8</b>	<b>-79.8</b>	<b>-89.7</b>	<b>-128.0</b>	<b>-146.9</b>
<b>Incr/Decr of Cash</b>	<b>17.0</b>	<b>3.2</b>	<b>13.3</b>	<b>-7.0</b>	<b>-7.0</b>	<b>8.0</b>	<b>12.0</b>	<b>-9.9</b>
Add: Opening Balance	16.7	33.7	36.9	50.2	43.2	36.2	44.2	56.2
<b>Closing Balance</b>	<b>33.7</b>	<b>36.9</b>	<b>50.2</b>	<b>43.2</b>	<b>36.2</b>	<b>44.2</b>	<b>56.2</b>	<b>46.4</b>

E: MOFSL Estimates

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NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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